



State of Utah

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Insurance Department

For Immediate Release

June 20, 2014

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Are You Covered in the Event of an Earthquake?

Wednesday evening, June 11, 2014 at 10:30 PM, Centerville experienced a 3.3 magnitude earthquake. Residents in the area reported hearing a loud boom and deep rumble followed by shaking for several seconds. Several people thought a car must have hit a house and others felt their homes shift and dishes rattle. Residents must have given a deep sigh of relief when the shaking stopped and little damage was found.

“If damage had been found and claims submitted to homeowner or renter insurers,” said Commissioner Todd E. Kiser of the Utah Insurance Department, “those claims would be denied, unless the homeowner policy was endorsed for earthquake coverage.”

A homeowner’s policy has specific language that excludes earth movement. To check into purchasing earthquake (earth movement) coverage you should talk to your agent. Commissioner Kiser encourages all property owners to compare coverages and costs by getting quotes from 2-3 companies. The Utah Insurance Department, a State regulatory agency, has a 2012 list of the top 20 companies that sell earthquake insurance in Utah. To access that list click on the following link, choose the most recent report and look for “earthquake.”

<http://insurance.utah.gov/other/market-share-reports/index.php>.

Earthquake coverage is quite unique from a homeowners policy in several ways.

First, there is a separate deductible for each coverage area: the dwelling, other structures, personal property, and loss of use. Deductibles are normally set at 5%, 10% or 20% of the coverage limit. For example, a 5% deductible on a dwelling covered for \$100,000 would be \$5,000.

Second, there is a 10 to 30 day waiting period before coverage is effective. If a geographical area has recently experienced seismic activity, many insurers will stop selling earthquake coverage for a period of time. The key is to purchase coverage before the earth begins to move.

Third, you should know that multiple earthquake shocks within a 72 hour period are normally considered to be one earthquake. This provision makes an earthquake and its aftershocks one occurrence, preventing an insured being charged a deductible for each earthquake or aftershock.

Earthquake coverage can be added by endorsement to your current homeowner's policy or it can be purchased as a stand-alone contract. Premium, deductibles and coverage will vary from company to company so shop-around.

Once you have the information you need to purchase coverage, ask yourself, "Can I afford to be without earthquake coverage?" "Are there other options?" Commissioner Kiser encourages all Utahans to, "be pro-active in planning and preparing for the next big one. We have been told that, "it is not a matter of if but when."

For more information about earthquake insurance click on the following link, <https://insurance.utah.gov/auto-home/home/earthquake.php>. If you have questions after talking with your agent or insurance company call the Utah Insurance Department's Property and Casualty Division at (801)538-3035 and talk with one of our specialists.

ISSUED JUNE 20, 2014

The Utah Insurance Department is a State agency. Its mandate is to regulate insurance marketed and sold in Utah. Currently more than 95,000 agents, agencies, and insurers are licensed; domestic insurers are audited to verify financial stability and compliance with insurance laws; administrative action is taken against licensees found to be in violation of insurance laws; calls from consumers with questions or complaints are taken; and licensees and consumers are educated regarding insurance. For more information visit <http://www.insurance.utah.gov/> or call toll free in-state @ 1-800-439-3805 or locally @ 801-538-3077.